



## **MONTANA RURAL DEVELOPMENT**

**Multi-Family Housing News**

**July – September 2006**

### **Security Requirements to Access the Multi-Family Housing Interactive Network Connection (MINC) System eAuthentication Account**

You should have received correspondence regarding the new department security requirements whereby all Management Agent (MA) Users are required to go through the eAuthentication system to log into the MINC system.

The USDA eAuthentication system is used by USDA agencies to enable customers to obtain accounts that will allow them to access USDA web applications and services via the Internet. This includes the submission of forms electronically, completing on-line surveys, and checking the status of your USDA accounts. To conduct these official business transactions (using MINC), the registered customer must have Level 2 Assurance credentials.

To obtain this assurance, the registered customer must visit a USDA Service Center (Farm Service Agency (FSA), Natural Resource and Conservation Service (NRCS), or Rural Development (RD) in person for Identity Verification to acquire Level 2 Assurance credentials.

If you have not received your notification of this security requirement, or you have questions please contact your servicing office immediately. The deadline to receive this Level 2 Assurance is August 15, 2006.

### **Section 504 Accessibility Self Evaluations and Transition Plans**

Effective June 11, 1982, USDA issued 7 CFR 15b, which required all borrowers to conduct self-evaluations of their facilities, policies and procedures for compliance

with Section 504 of the Rehabilitation Act of 1973 and the Uniform Federal Accessibility Standards (UFAS). In the event that structural changes were necessary, recipients were required to develop transition plans that set forth the steps necessary to complete such changes.

Borrowers may become liable for fines and penalties imposed by enforcement agencies, loss of tax credits, or legal actions if found in noncompliance with civil rights laws. USDA-Rural Development does not impose these fines and penalties, but will follow regulatory, supervisory, servicing procedures and loan eligibility requirements when noncompliance is found.

Those borrowers that are responsible for conducting self-evaluations and developing transition plans are:

- Borrowers of projects ready for occupancy on or before June 10, 1982;
- Borrowers of projects ready for occupancy after June 10, 1982, who have been found in noncompliance with Civil Rights laws;
- Borrowers who have had complaints filed against them, when the Agency determines it necessary;
- Borrowers transferring ownership;
- Borrowers of projects receiving rehabilitation or equity loans, when the Agency determines it necessary;
- Borrowers receiving loans for new construction after August 20, 2002.
- Borrowers receiving loans after January 1, 2001, if a self-evaluation has not been conducted within the last 3 years.

Regardless of when a project was ready for occupancy, all borrowers are required to have policies and practices in place that do

not discriminate against persons with disabilities.

A self-evaluation must be completed with the assistance of interested persons, to include persons with disabilities or organizations representing disabled persons, that evaluates borrowers current policies and practices and the effects thereof.

There are several agencies that are able to complete these self-evaluations and transition plans. These include:

The National Center for Housing  
Management  
12021 Sunset Hills Road, Suite 210  
Reston, VA 20190  
1 800 368 5625  
[www.nchm.org](http://www.nchm.org)

E&A Services  
PO Box 70550  
Tuscaloosa, AL 35407-0550  
1 800 504 7483  
[www.AccessEA.com](http://www.AccessEA.com)

Compliance Solutions  
Affiliate of Zeffert & Associates  
2321 Weldon Parkway  
St. Louis, MO 63146  
1 800 820 4079  
[www.zeffert.com](http://www.zeffert.com)

These are just a few of the agencies that complete Self Evaluations and Transition Plans.

Other agencies that may be contacted for referrals include:

Affordable Housing Management  
Association (AHMA)  
Mountains-Plains-Desert  
[www.rockyahma.org](http://www.rockyahma.org)

The Council for Affordable Housing  
(CARH) at [www.carh.org](http://www.carh.org).

The National Affordable Housing  
Management Association (NAHMA) at  
[www.nahma.org](http://www.nahma.org).

Montana Fair Housing at  
1 800 929 2611 or at their web site at  
[www.fairhousing.montana.com](http://www.fairhousing.montana.com)

Montana Department of Public Health &  
Human Services at  
406 444 9500 or [www.dphs.mt.gov](http://www.dphs.mt.gov)

### **Use Online Clearinghouse to Market Accessible Units**

If you have accessible units at your site, you undoubtedly try to rent them to disabled prospects that can benefit from their special features. However, finding such prospects may prove difficult.

To help market your project's accessible units directly to prospects who need them, consider using the National Accessible Apartment Clearinghouse (NAAC). Sponsored by the National Apartment Association (NAA), the National Multi Housing Council, and the Virginia Housing Development Authority, the NAAC is an online public-service program that offers a searchable database of accessible units. The NAAC database currently includes more than 80,000 accessible units in all 50 states, and the web site draws an average of more than 8,000 searches per month.

**How the web site works.** You can list your project's accessible units in the NAAC database and edit your listings at no charge. To do so, you first have to register your project by going to [www.accessibleapartments.org](http://www.accessibleapartments.org) and clicking on "Register Your Community" in the menu on the left-hand side of the page. You are asked to complete information about your project to include: your name and contact information, your management company's name and web site address (if you have one), and the names of any projects you

own and manage that may already be listed in the database.

Once registered, you use your username and password to log on to the web site and enter basic information about your site and its accessible units. Additional information can be included to give prospects a better idea of what your site offers by checking boxes to let prospects know whether your site offers high-speed internet access, has a written pet policy, accepts Section 8 vouchers, etc. You can update the database as units are rented.

Prospects can search for accessible units by location, or they can run an advanced search with more parameters to include the unit's price range, number of bedrooms, proximity to schools and other services. You may also want to check with the local fair housing organization, Montana Fair Housing, to see whether it has its own online database for accessible units.

*(This article is an excerpt from an article published in the June 2006 issue of "Tax Credit – Housing Management Insider." Source of the article is Barbara Vassallo, Esq., VP for Government Affairs, National Apartment Association, Alexandria, VA)*

We also want to remind you that USDA-Rural Development's web site for rentals is available at:

<http://rdmfhrentals.sc.egov.usda.gov/RDMFHRentals>

The information within this web site is interfaced with our Multi Family Housing Integrated System (MFIS), based upon the current information we have on record.

### Montana Relay

The Americans with Disabilities Act (ADA) requires the state of Montana to provide a relay service as part of offering equal access to the telephone network to Americans and Montanans with disabilities.

The Montana Relay is a service that relays, or translates, calls between a standard telephone and a text telephone, of the kind used by Montanans who are deaf, hard of hearing, or have a speech disability. If your project does not have a Telephone Device for the Deaf (TDD), this is an alternative method for making your project more accessible to persons with disabilities. The service is available any time, any day, and is free, by simply dialing 711.

If you have questions about how to use the relay, you can call 1 866 735 2968.

### Policy and Procedure Updates

The 7 CFR 3560 and its associated Handbooks (1, 2, and 3) were published on February 24, 2005. The Agency makes every effort to keep you current on the new policy and procedures; however, revisions are occurring frequently.

We have in past newsletters provided you with the Agency's national web site at [www.rurdev.usda.gov](http://www.rurdev.usda.gov) from which copies of all forms, Handbooks, and copies of the 7 CFR 3560 may be obtained. Updates to policy and procedure are also obtained at this web site by clicking on the link for Regulations and then the link to Procedure Notices. The most recent update to Handbook 2, Asset Management, occurred on April 26, 2006, by Special Procedure Notice (SPN).

We strongly recommend that you visit this web site to obtain the most current updates to the regulation. We understand that this can be time consuming, but the ultimate responsibility for keeping current on USDA-Rural Development procedure and policy is yours: the owner and/or the management agent. Our National Association of Credit Specialists is currently working with our National Office staff in proposing a system whereby owners and managers can be automatically notified when updates occur to policy and procedure

so you can receive, read, and implement procedure more timely.

### National Management Control Review

As some of our owners and managers were aware, members of our National Office staff visited Montana in late April of this year. The purpose of the visit was to conduct a national Management Control Review (MCR) to review overall, the Agency's loan processing, loan servicing, preservation and program support activities. Montana was the fifth of five states the teams visited in the last three to five months. Several of you were notified of the pending visit which included on-site inspections and review of tenant files.

The review consisted of two (2) teams and they visited a total of 16 properties. The purpose of the on-site visits was to inspect the condition of the units and to visit with tenants if available. The teams reviewed files for each of the properties to include a random selection of tenant files.

We are pleased to report that the teams reviews indicated foremost that of all five states visited, the properties in Montana were in the best physical condition; units are well maintained by ownership/management and the tenants overall. We did have some serious housekeeping issues which needed to be dealt with, but our discussions with on-site management hopefully resolved many of these issues. One significant item was the lack of GFI's in the kitchen areas. A few of the properties we visited may have included the GFI in the circuit box, but several of the properties built in the late 70's may not have required a GFI at that time. This is a low-cost and easy fix. It is recommended that properties review their units for the availability of GFI's in the kitchens, and if not available in either the kitchen area or installed in the circuit box, look at installing them.

We believe that the results of the teams visits to the properties and the overall condition of those properties is a testimony to you and your management companies and the attention given to the upkeep and care of your properties.

We must take the bad with the good, however. In reviewing tenant files, a serious lack of documentation and verification of income and assets as well as a lack of authorization to release information completed by the tenant household was found. HB 2 3560, Asset Management, Chapter 6, Section 2, clearly states that it is the borrower's responsibility to verify and document the tenant's file with all sources of income, assets, expenses, deductions, family characteristics, and any other factors that affect family eligibility or level of assistance. Essential to the procedures, and to reduce improper reporting, is to ensure that applicants/tenants and their adult family members sign consent forms to authorize the borrower to collect information to verify eligibility, income, assets, expenses, and deductions.

Files utilized bank statements to verify social security income deposits which does not give a true representation of the "gross" income received. All sources of income are to be verified third party from the source of the income. In addition, if a bank statement was utilized to verify income, this indicates an asset, but the tenant's certification failed to report assets. Please remember, assets are defined as "...cash on hand and the value of savings, certificates of deposits, and dollars in checking accounts..." The amount of the asset to be reported is the amount reported on the day of *third-party* verification. It is only when the asset(s) exceeds \$5,000 that you impute income based upon 2%. Whether the asset is \$50 or \$5,000 it must be reported on the cert and any income from the asset based upon the prevailing interest rate is to be calculated. HB 2 3560, Chapter 6, Section 2, Paragraph

6.10 provides guidance in reporting assets and calculating income from assets.

Many files contained hand-written notes from the tenants listing medical/prescription expenditures. All adjustments to income including medical expenses are to be verified **third-party** and documented in the file. Pharmacies can provide a running tally of a tenant's prescription information. Receipts should be obtained for non-prescription expenditures. If mileage is to be reimbursed for travel, it must be at the current IRS Mileage Rate, which for 2006 is 19¢ per mile.

Information on current mileage rates may be obtained from the web site at [www.ruckcpa.com](http://www.ruckcpa.com); click on the link for "Business Issues" and then the link for "Standard Mileage Rates."

It is important to document clearly all sources of income, all sources of assets and adjustments to income. It is also important to document clearly how annual income and assets are calculated and how adjustments to income are calculated; i.e. utilizing adding machine tapes.

### Reminders

USDA-Rural Development in Montana is now conducting wage matching. Wage matches are required to be performed each year on at least 10% of all initial and subsequent certifications of those households earning income, for those residents scheduled to be interviewed prior to conducting supervisory visits, and for projects where the supervisory visits reveal significant discrepancies.

Please remember, to comply with the requirement that all tenant files contain a release signed by the tenant authorizing the Agency to conduct this wage matching. An example of a release was provided to you with our last quarterly newsletter. This is to be placed on project

letterhead and provided to each tenant household for signature.

All tenant files that are requested for review during supervisory visits, beginning May 1<sup>st</sup>, must contain the release authorization in order for the Loan Servicer to conduct the wage and benefit matching at the time the file is reviewed.

### DUNS Numbers

Thanks to all of you that have provided this office with their DUNS (Data Universal Numbering System) number.

If you have not as yet obtained a DUNS number, be reminded that all borrowing entities that receive Federal loan and/or grant funds are required to provide the Agency with a DUNS or number. The DUNS number is to be included in every application for new award or renewal of an award, to include renewal rental assistance, and applications for new or additional funding.

DUNS may be obtained from the Dun and Bradstreet dedicated toll-free number at 1 866 705 5711. If you are anticipating renewal rental assistance, please obtain the required DUNS and notify this office upon receipt. This information can be emailed to Jo Hart, MFH Technician, at:

[jo.hart@mt.usda.gov](mailto:jo.hart@mt.usda.gov)

### Centralized Processing

Montana is still on schedule for project payment processing and tenant certification processing to be consolidated at the Centralized Servicing Center located in St. Louis, Missouri, this summer. This means that the Bozeman State Office will no longer be accepting project payment worksheets and tenant certifications. Any concerns regarding these processes will be directed through the CSC in St. Louis.



Mailing and point of contact information will be provided as we get closer to consolidation. EFT for payments received is required per regulations and enrollment in PAD is recommended to avoid sending a paper check to St. Louis for processing.

### **Income Limits**

Adjusted Income Limits were updated effective March 8, 2006. They can be obtained from our state web site at [www.rurdev.usda.gov/mt](http://www.rurdev.usda.gov/mt). Click on the link for Housing and Community Facilities, then on the link for Multi-Family Housing. In the yellow box on the left scroll down and click on the link for "Income Limits."

You will note that only the very low- and low-income levels for size of household are listed. HB 2 3560, Chapter 6, Paragraph 3 defines Income Requirements. This states that the moderate income limit is established by adding \$5,500 to the low-income limit for each household size. Example: Low-income limit in Gallatin County for a single member household is \$19,750. By adding \$5,500 to this we obtain a moderate income limit of \$25,250.

These income limits may also be obtained from the HUD web site at [www.hudclips.org](http://www.hudclips.org).

### **Training Opportunities and Requirements**

Spectrum Seminars will be in our area on the following dates:

July 27-28 in Casper, WY, at the Holiday Inn on the River, and in...

Boise, ID, on October 17-18 at the Doubletree Hotel Boise Riverside.

Registration forms and information can be obtained from Spectrum's web site at [www.spectrumseminars.com](http://www.spectrumseminars.com).

Also remember that other affordable housing organizations provide training on an on-going basis. Agencies such as Affordable Housing Management Association (AHMA) Mountains-Plains-Desert and Montana Fair Housing. Their web sites (previously provided within this newsletter) should be checked frequently for training opportunities.

### **New Digs!**

Our Kalispell local office for Rural Development has moved!

You can now find Carol Lechner, MFH Specialist, for the Kalispell area at 450 Corporate Drive, Suite 111 in Kalispell, MT 59901. Her new phone number is 406 756 2005, ext. 118, or she can be reached by fax at 406 756 2018.

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